

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 1999-173-C - ORDER NO. 1999-783

NOVEMBER 1, 1999

IN RE: Application of Connect!LD, Inc. for a)	ORDER
Certificate of Public Convenience and)	GRANTING
Necessity to Provide Resold and Facilities-)	CERTIFICATE
Based Interexchange Telecommunications)	
Services within the State of South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Connect!LD, Inc. ("Connect!LD" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold and facilities-based interexchange telecommunications services within the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1998) and the general regulatory authority of the Commission.

The Commission's Executive Director instructed Connect!LD to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of Connect!LD and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Connect!LD complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was convened on September 29, 1999, at 11:30 a.m. in the Commission's Hearing Room, Columbia, South Carolina. The Honorable Philip T. Bradley, Chairman, presided. Connect!LD was represented by Faye A. Flowers, Esquire. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Cindy Lee, Manager of Regulatory Affairs of Connect!LD, appeared and testified in support of the Application. The record reveals that Connect!LD is a Nevada corporation which is registered to transact business in South Carolina as a foreign corporation. Connect!LD is a wholly owned subsidiary of Connect Holdings Corporation, and Connect!LD's affiliate, CCCSC, Inc. d/b/a Total Connect! has received certification to provide local exchange services in South Carolina. (*See*, Order No. 1999-530, Docket No. 1999-172-C)

According to Ms. Lee, Connect!LD proposes to provide a full range of facilities-based and resold interexchange services, including "1+" and "0+" services, access to "10-1X-XXX" services, switched inbound calling, switched outbound calling, dedicated inbound calling, dedicated outbound calling, LD Directory assistance, and calling card services. Ms. Lee explained the Company's request for authority, and the record reveals the Company's services, operations, and marketing procedures.

Ms. Lee also discussed Connect!LD's technical, financial, and managerial resources to provide the services for which it seeks authority to provide. Ms. Lee testified that the management of Connect!LD is well qualified, having extensive managerial, financial and technical experience in the telecommunications field. Further, Ms. Lee testified that Connect!LD has access to the financing and capital necessary to

provide the telecommunications services for which it seeks authority to provide. Ms. Lee also testified that Connect!LD has received approval to operate and provide services in 13 states thus far. Finally, Ms. Lee testified that Connect!LD will operate in South Carolina in accordance with Commission rules, regulations, guidelines, and Commission Orders.

Ms. Lee also offered that approval of Connect!LD's application would serve the public interest by expanding the availability of alternative sources on interexchange services in the state, by providing new options for South Carolina consumers, and by providing incentives for other interexchange carriers to offer more innovative services and improved quality of service.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Connect!LD is organized as a corporation under the laws of the State of Nevada and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. Connect!LD operates as a non-facilities based reseller and facilities-based provider of interexchange services and wishes to provide its services in South Carolina.
3. Connect!LD has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Connect!LD to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Connect!LD for its services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Connect!LD shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Connect!LD shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications,

etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1998).

4. If it has not already done so by the date of issuance of this Order, Connect!LD shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Connect!LD is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's services, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Connect!LD shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Connect!LD changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, Connect!LD shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993). However, Connect!LD shall not be required to comply with the 10-XXX

intraLATA dialing requirement contained in the Commission's Orders cited above as the Commission's requirement regarding 10-XXX intraLATA dialing requirement has been preempted by the toll dialing parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996. (See, 47 C.F.R. § 51.209.)

9. Connect!LD shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Connect!LD shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

11. As Connect!LD proposes to provide operator services, Connect!LD shall comply with the following conditions:

- (a) Regarding the provision of operator services, Connect!LD shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534, issued in Docket No. 93-026-C.
- (b) For intrastate 0+ operator assisted and calling card calls originating from pay telephones outside confinement facilities and at aggregator locations, Connect!LD may not impose operator service charges greater than the intrastate charges then currently approved for AT&T. For the usage portion of the call, Connect!LD may not charge more on interLATA calls than the intrastate interLATA rates charged by AT&T Communications for interLATA calls or on intraLATA calls than the intraLATA rates charged by BellSouth Telecommunications for intraLATA calls.
- (c) Connect!LD is allowed to incorporate in its tariff a surcharge (property imposed fee) on operator-assisted and calling card calls not to exceed \$1.00 for calls originating from payphone (excluding pay telephones associated with inmate calling service) and from aggregator locations, only if the property owner has not added a surcharge already. That is, Connect!LD may not impose an additional surcharge to calls originating from pay telephones and from aggregator locations if a property owner has already imposed such a surcharge. If such a surcharge is applied by Connect!LD on behalf of the property owner, Connect!LD is directed to pay the surcharge in its entirety to the property owner. Further, if the surcharge is applied, the end user should be notified of the imposition of the surcharge. This notification should be

included in the information pieces identifying Connect!LD as the operator service provider at that location.

- (d) Connect!LD is required to provide information pieces to pay telephone service providers or property owners identifying Connect!LD as the provider of the operator service for authorized calls originating from the location.

Connect!LD is required to brand all calls identifying itself as the carrier. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C.

12. Connect!LD is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. By its Application, Connect!LD requested waivers from certain Commission regulations and requirements. Specifically, Connect!LD requested waivers from (1) the requirement contained in Rule 103-610 that all records be kept within the State of South Carolina and (2) any requirement to maintain its books and records in conformance with Uniform System of Accounts as Connect!LD maintains its records using Generally Accepted Accounting Principals ("GAAP").


The Commission grants the request for a waiver from the requirement contained in Rule 103-610 that all records be kept within the State of South Carolina as Connect!LD has indicated that its principal place of business is Little Rock, Arkansas. Additionally, the Commission will allow Connect!LD to maintain its books and records in accordance with Generally Accepted Accounting Principles ("GAAP") instead of the Uniform System of Accounts ("USOA").

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S**

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

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ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by Signature

If you have any questions, contact the Consumer Services Department at 803-896-5230